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CURRENT SERIALS SECTION

THE NATION KNOWS IT NEEDS HIM NOW



There's been a big change in the wheat situation the past year or so—from worry over surplus to concern over sufficiency. Here's how the switch has come about, and what seems in store now, as bigger output looms.

For a decade the United States saw wheat surpluses build up under a domestic price-support and acreage-allotment program tied to a 55-million-acre minimum national allotment. Yields rose steadily during the late

fifties and early sixties, going from 19 to 26 bushels per seeded acre, twice as large as the yields back in 1938 when the minimum was put into law.

Meanwhile, the requirements for U.S. wheat did not match the increases in production. The Agricultural Trade Development and Assistance Act, more often called Public Law 480 or Food for Peace, came into being in 1954 and moved massive quantities of wheat to less-developed nations.

Nevertheless, stocks continued to rise. The wheat carryover reached its peak in July 1961, totaling 1.4 billion bushels—enough for more than a 2-year domestic supply.

Beginning with the 1962 crop and continuing through the 1966 crop, special acreage diversion programs began reducing inventories. Increased shipments under the food aid programs also helped. And by July 1966, stocks had declined 62 percent from their peak to 536 million bushels.

In the spring of 1966, the growing wheat crop took a turn for the worse, feeling the effect of both freezes and drought. Thus, a potentially smaller supply, coupled with India's continued heavy wheat requirements in the 1966-67 marketing year, pointed to yet another stock reduction.

Facing this situation, USDA increased the 1967 acreage allotments 32 percent over the 1966 level to 68.2 million acres. Also, the acreage diversion program was knocked out for 1967, and barley, a competitor with wheat for land in many areas, was left out of the 1967 Feed Grain Diversion Program, and the soil-conserving base acreage was reduced. Each of these actions was designed to encourage an expansion in wheat plantings.

The encouragement worked. Farmers increased 1967-crop winter wheat seedings, planted in the fall of 1966, by 26 percent.

Considering that the 1967 allotment had been boosted in two stages—a 15-percent rise in May followed by another 15-percent rise in early August—the gain in winter wheat seedings was greater than many expected. Because of the relative rigidity of cropping patterns and the expense extra production items would entail, many observers had predicted that farmers would mostly shun the second increase.

The Crop Reporting Board, in estimating winter wheat seedings, placed the seeded acreage for the 1967 crop at 54.1 million acres. With a yield per seeded acre of 23.7 bushels, this would produce 1,283 million bushels, the largest winter wheat crop ever. The expected yield, while down nearly a bushel from 1966, would be a bushel above the 1961-65 average.

If spring wheat farmers act similarly (and with barley land more readily available in the spring wheat country of the Northern Great Plains, this seems assured) wheat production this year could total 1.6 billion bushels, around 150 million over the record of 1958.

A crop this size will do much to offset the expected smaller July 1967 carryover, now estimated at around 400 million bushels. It will let the United States maintain a high level of exports, increase carryover stocks, or achieve a balance of these two objectives. Since wheat must be planned and planted well in advance of its intended use, the supply-demand balance in the marketing year that begins this coming July 1 will be the major factor in determining which of these alternatives is feasible.

To a lesser but still significant extent, the anticipated situation in the marketing year that begins in July 1968 will also bear on decisions regarding use of the 1967 crop.

William R. Askew
Economic Research Service

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THE WORLD'S WHEAT PRODUCTION CLIMBS, BUT TRADE TO SLIP

World wheat production in 1966-67 is estimated at a record 274 million tons, compared with 247 million in the preceding year. Higher yields account for the rise, since total acreage was near the previous year's level.

The increased production is mainly in the large exporting countries and in the Soviet Union. In 1966, the Soviet Union produced a crop estimated at 73.5 million tons, 11 million tons larger than in any previous year.

Output in the five major exporting countries—the United States, Canada, Argentina, Australia, and France—is approximately 90 million tons compared to the previous high of 85 million in 1964-65. Although beginning stocks were somewhat reduced in these countries, total exportable supplies are more than ample to meet estimated world import demand.

Canada's stocks will increase about 4 million tons by the end of the year (July 31, 1967) due to the record crop and reduced exports. Year-end (November 30, 1966) stocks in both Argentina and Australia were very low because of poor harvests last year; but

with expected favorable harvests, exportable supplies will be near record levels and stocks should be back to normal levels by November 1967. A poor harvest has reduced French exportable supplies in 1966-67 to only about 70 percent of the previous year's exports.

North America's harvest, estimated at 60 million tons, is nearly 4 million tons larger than the preceding year's record. Increased acreage and exceptionally favorable crop conditions in Canada were responsible.

This season's prospects in the Southern Hemisphere are much brighter than a year ago, when drought severely reduced production in Argentina and Australia. Australia has increased acreage by 14 percent over the previous record acreage and the December-January harvest is estimated at a record 11.3 million tons. In Argentina, below-normal rainfall has diminished early season prospects for a record crop.

Production in Western Europe in 1966 was the smallest in 3 years. The French crop was down sharply from the 1965 record. West Germany's harvest was larger than the poor 1965 crop.

World wheat and flour trade in 1966-67 is expected to be about 10 percent below the peak 1965-66 volume of approximately 61 million tons, partly because of a decline in purchases by the Soviet Union and East European countries.

Free world imports are expected to be about the same as last year. Imports by West European countries will decrease by about 5 percent this season. Although production is below last year's level, most of the short-fall is in France and Sweden, which are exporting countries. The EEC and United Kingdom are expected to account for most of the drop in imports.

A rise in Asian wheat imports is anticipated. Although 1966-67 food grain production in India is moderately above the poor crop of the preceding year, grain import needs will remain strong. Japanese imports will be about half a million tons above the 1965-66 volume of 3.6 million. Communist Asian imports, which were 6.6 million tons in 1965-66, are expected to at least equal that level.

Economic Research Service

THE LEADING CASH CUSTOMERS

Their Affluence Affects Prospects For Commercial Exports of Farm Products, Now Rising as Aided Shipments Level

Industrialized countries are the major importers of our farm products; as their incomes increase, they import more. Other than population increases, the growth in, and level of, income in these countries is a major determinant of the growth of our commercial agricultural exports.

The 8 leading importing countries (excluding the United States) account for 74 percent of the agricultural imports by 78 countries (also excluding the United States). Each of these 8 countries receives a substantial amount of its agricultural imports from the United States, paying cash.

A major factor underlying the continued expansion of U.S. agricultural exports is the generally high level of economic activity in the major importing countries, since dollar sales of our farm goods are accounting for the total rise in U.S. agricultural exports. Exports under Government-financed programs this fiscal year should hold at year-earlier levels.

Currently, the economic situation and outlook are either good or excellent in all but two of these countries, the United Kingdom and West Germany.

Here is an evaluation:

UNITED KINGDOM

Whether the country's restrictive measures in defense of the pound achieve the long-run objective of mak-

ing British products more competitive in international trade remains to be seen. Success will depend on the government's determination to stick to the deflationary policies until there is a basic restructuring and modernization of British industry.

Originally, it was thought that the United Kingdom's total real output would rise by 2.5 percent in 1966, and that is about the rate that prevailed in the first 2 quarters of the year. However, growth in the latter part of the year was curbed by the deflationary measures, and the 1967 outlook is for no growth in output.

JAPAN

Recent estimates of Japanese economic activity indicate that the growth in real GNP will be 8.7 percent in Japan's fiscal year ending March 31, 1967. This indicates a rapid recovery from the 1965 recession when the real growth rate was only 4.3 percent, and is close to 1964's 9.9-percent rate.

The outlook for the near future is for a continued high rate of output, exceeding 10 percent annually.

As a result of the rapid growth, Japanese imports are climbing at a fast rate. The increase for fiscal 1966 is expected to be 18.3 percent. But Japan's sizable trade surplus is expected to continue, since exports have increased almost as rapidly as imports.

CANADA

Canada's economy is greatly influenced by economic events in the United States and, like the United States, Canada has been experiencing high rates of growth. Real GNP increased by 6.5 percent in 1964 and 6.6 percent in 1965. Some slackening occurred during 1966 since the economy was pushing against the limits of its resources.

Canada's merchandise trade deficit with the United States is offset to a large extent by a surplus in its trade with all other countries. Wheat sales to Communist bloc countries have made substantial contributions to this surplus, and are expected to continue doing so.

BELGIUM

Belgium's economic performance last year was very much a repeat of 1965—

a period of relative stagnation in which the estimated increase of 3.0 percent in real GNP was about the same as 1965's growth rate of 3.3 percent. These 2 years of slackening followed 3 years of rapid growth, and the slowdown resulted from the government's deflationary actions to curb a rapid rise in prices.

In the first 6 months of 1966, exports were 7.9 percent above the same period in 1965, while imports were up 12.8 percent.

FRANCE

The economic situation in France is excellent, with a high rate of growth being maintained without undue pressure on prices.

Total output is expected to increase by 5.3 percent in 1967. Recent data puts the growth in real output in 1965 at 3.5 percent, and the rate of growth in 1966 has been revised upward to 5.0 percent.

The strong French balance-of-payments position may weaken slightly, due to the falloff in long-term capital inflows, a slight deterioration in the trade balance, and the reduction in U.S. military expenditures in France.

The large capital flow into France seems to be declining, largely as a result of the U.S. balance-of-payments program with its voluntary restrictions on foreign investment. The decline may be only temporary, though.

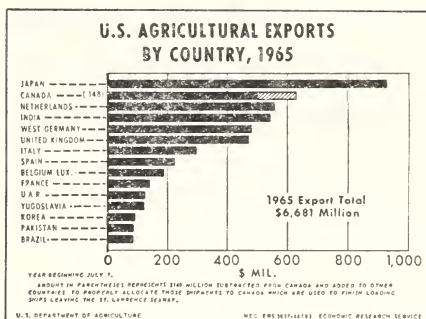
No large increase in imports relative to exports is foreseen unless domestic demand should get out of hand, which is unlikely in view of the government's tight control of the economy's expansion.

GERMANY

Germany had a slackening in domestic demand during 1966 compared with 1965, although foreign demand was buoyant.

Real GNP is thought to have increased by just under 3 percent in 1966, and a slightly better performance is expected in 1967.

However, the outlook for 1967 depends on the balance between declining domestic demand and rising foreign demand. Rising incomes from the export sector could increase domestic demand, but a potentially off-setting factor is the detrimental effect on investment of



the restrictive monetary policies being pursued at present.

ITALY

The economic situation in Italy looks better every month. The increase in total output in 1966 most likely exceeded the original estimate of 4.5 percent, and may have been as high as 5.3 percent. Recent signs indicate that investment is on the upswing, and this should also increase employment. If so, 1967's increase in output should exceed the government's 5 percent target.

However, the recent floods that devastated large areas of northern Italy place a large imponderable in the way of any forecast. Increased taxes and the share of the budget going for rehabilitation may curb 1967's increase in output.

Export demand most likely will still be providing as large a stimulus to Italy's economy in 1967 as it has in recent years. Exports increased by 18 percent in 1964, 21 percent in 1965, and the 1966 increase was probably only slightly below that range. Imports, of \$4.2 billion in the first half of 1966, were 18.4 percent above the same period in 1965.

THE NETHERLANDS

Rising demand pressures in the early part of 1966 forced the Netherlands' Government to act to stem a rapid deterioration in the balance of payments and the increase in the budget deficit. While the country's competitive position in international trade remained good, rising wage demands fueled the pressure on prices.

In 1966, total output probably increased by 5.5 percent; a decline to at least 4.5 percent is forecast in 1967.

George R. Kruer

Economic Research Service

PLANNING TO FARM UNDER CONTRACT? KNOW ITS MEANING

There is a legal arrangement in agriculture known as a vertical coordination contract. Most people call it contract farming. And it has brought a new look to American agriculture.

"Coordination" between farmers and their suppliers or buyers facilitates farm and business operations, credit arrangements, forward pricing, and market supplies to meet specifications.

The vertical coordination contract is usually in writing, but not necessarily.

In oversimplified form, it can be an across-the-fence oral understanding whereby the owner of a country store tells a farmer he'll supply him feed grains for his chickens if the farmer

will in turn supply him eggs. Or perhaps the store owner says he'll advance credit on the feed until the eggs are sold.

Whether written or oral, questions may arise:

What happens if one party fails to deliver the goods, or the quality is inferior, or it's delivered at the wrong time or to the wrong place? The other party may be in trouble.

Courts may not enforce oral contracts if certain conditions are not met and the involved sum is large. This doesn't mean that a contract is enforceable just because it's in writing. But chances are it will be, if it meets standards under applicable State and Federal law.

Each provision of the contract should be clear and complete. And each party should know what his contract contains and its meaning under the law.

In many vertical coordination contracts, the farmer is a small, sole proprietor while the contractor is typically a large corporation. Their legal relationship is important. Whether the farmer is an independent contractor, or an agent or a laborer of the contractor, depends on contract provisions such as:

Are profits and losses to be shared? Who holds the rights of supervision and management? Can one party act on behalf of the other? Are the two firms separate and independent? What types of skills are required to meet contract specifications?

These are some of the many questions that can, and usually should, be clarified in the contract. Relationships with third parties should also be made clear.

Contract clauses may range in scope from the management and marketing procedures to warranties and liabilities, and protective devices in case the contract is breached or unfulfilled.

To get some idea of the rights and responsibilities the provisions may represent, let's look at two typical contract farming situations:

A food chain contracts with a farmer for supplies of vegetables. The contract stipulates varieties to be grown. It may also specify planting and harvesting dates to meet projected seasonal demands. Too, it may require use of certain insecticides, some prepack-



ing and a delivery method. The contractor thus exerts considerable managerial control over on-farms production and assumes marketing uncertainties.

Another example—one involving a third party—is a contract between a farmer and a feed dealer for the production of broilers. A broiler processor, to whom the farmer is to sell the broilers, may be named in the contract. Provisions are likely to cover not only the feed ration to be used, but also the breed and number of chickens to be fed and a specification that the broilers be sold when they reach a certain weight.

Economic Research Service

Turkey Pacts

Turkey producers, particularly in the South, are turning more to risk-sharing contracts instead of straight loans from banks or financing by feed companies.

Latest estimates show risk-sharing contracts, usually with feed firms, account for 25 percent of total production and are trending upward. Farms owned or leased by companies account for 10 to 15 percent of the total output and are also projected upward. However, producers still rely on conventional loans from banks and other types of financing by feed companies for the remaining 60 to 65 percent of their financing.

In risk-sharing contracts, some or all of the production risk and most of the major decisions are transferred from the producer to the contracting firm. The firm may agree to assume all or part of a loss on financing, or it may guarantee a fixed price per head or per pound of turkey produced.

Feed firms accounted for 65 percent of total contract production in the early 1960's. Such firms use risk-sharing contracts to increase efficiency, increase volume and decrease short-run fluctuations in volume. Producers participate in contracts to reduce their risk and to secure financing.

Contracts vary by region. In the Northeast, there is little contracting except for hatching eggs. In the Midwest, most growers use conventional bank and feed company financing. In the West and South, there is considerable risk-sharing contract production.

Economic Research Service

TURKEY TRENDS

Turkey producers probably will raise 5 to 10 percent more turkeys this year than in 1966.

As of October 1, 1966, owners of turkey breeder hens in 15 States reported plans to keep 4 percent more hens for the 1967 hatching season than in 1966.

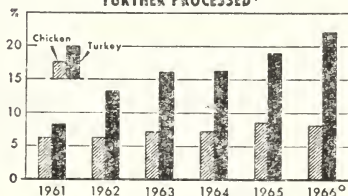
Poult hatchings in the 5 months through January will provide most of the birds for slaughter in the first half of 1967. Although seasonally small, hatchings are estimated to be up about a third from a year earlier.

Larger turkey supplies, together with greater competition from broilers and pork, are expected to cause turkey prices to average below the relatively high levels of a year earlier, at least through mid-year.

Prices for toms used to manufacture convenience foods are expected to hold up better than prices for hens and fryer-roaster turkeys.

Demand for products made partly or entirely from turkeys has grown rapidly during the past 2 years. In January–November 1966, 8.5 percent of all the ready-to-cook turkeys processed in federally inspected plants were in the cutup stage and an additional 23 percent were carried beyond this stage. During the same period in 1964 the percentages were 4.9 and 17.1, respectively.

PERCENTAGE OF POULTRY FURTHER PROCESSED*



* PERCENTAGE PROCESSED BEYOND THE READY-TO-COOK PLANT STAGE IN PREVIOUSLY INSPECTED PLANTS. ^o QUARTLY FORECAST.

U.S. DEPARTMENT OF AGRICULTURE

WEL. RES. DIVISION. ECONOMIC RESEARCH SERVICE

SAM STAT SAYS "CHECK THESE CHANGES"

A Midwinter Roundup of SRS Facts . . .

FEWER FARMS AROUND

Farms operating in the Nation during 1966 are estimated at 3,258 thousand, according to the Crop Reporting Board. Although this is 4 percent less than in 1965, fewer farms left the ranks last year.



Total land in farms, accounting for 1,145 million acres, continued to decrease but at a much slower pace than number of farms.

For 1967, the number of farms is expected to show a further decline to 3,176 thousand. Regionally, however, the reduction is not expected to be as large as in past years in the Midwest and the Southwest. Reduction in total acreage of farmland is also expected to be less than the rate for recent years.

During the past 8 years the number of farms has declined nearly a fourth. During the same period, land in farms has decreased only 4 percent.

FARMS GETTING BIGGER

These changes have caused the acreage in the average farm to increase from 288 acres in 1959 to 359 in 1967, a 25-percent increase. Discontinuance of small farming enterprises and merging of larger units with existing farms continue as the important influences in the changes in farm numbers.

1966 CROP OUTPUT SLIPS

Crop production in 1966 tied 1963 as the second highest of record, despite some damage from sub-freezing temperatures, lack of moisture at times, and unusually high early-summer temperatures.

Several major fall-maturing crops registered record or near-record yields per acre. The "all crop" production index of 112 for 1966 (1957-59=100) is 3 percent below 1965.

LOWER YIELDS

Crop yields per acre last year were generally good but fell short of 1965

record-high levels. Among the major crops setting new record yields were soybeans, rice, sorghum, and peanuts. The all-hay yield equaled the 1965 record. Crops with lower yields per acre than in 1965 include corn, all wheat, oats, barley, cotton, tobacco, and potatoes.

The composite index of "yield per acre" covering 28 major crops declined to 121 for 1966. This is 2 percent below the record high in 1965 but exceeds all earlier years.

LESS ACREAGE

Acreage of the 59 major crops planted or grown in 1966 totaled 298 million acres—the lowest of record—down 2 percent from 1965.

Feed grain acreage planted in 1966 rose 0.6 percent above 1965 as increases in corn and barley offset lower acreages of oats and sorghum. Seedings of all wheat were 5 percent less, with both winter and spring wheat down. Soybean acreage continued to expand and plantings were up 6 percent. Heavy grower participation in the "35-percent diversion" option of the Government's Upland Cotton Program largely led to a 3.8-million decline in acreage planted to cotton.

Acreage harvested for the 59 major crops was 288 million acres—1 percent less than in 1965.

FEWER SHEEP ON FEED

The number of sheep and lambs on feed in 26 States on January 1 for slaughter market was 6 percent below a year earlier, according to the Crop Reporting Board.

There were 1,546,000 sheep and lambs on feed in the North Central States on January 1. This was 11 percent less than a year earlier. Indiana, Missouri, and North Dakota showed an increase while the remaining 9 States declined from last year. Kansas showed a sharp drop of 58 percent, resulting from poorer wheat pastures than a year earlier.

Numbers on feed in the 13 Western States totaled 1,268,000 head, down 7 percent from a year earlier.



Based on Information Available January 30, 1967

MORE BEEF COMING

Fed beef output will continue large during the first few months of 1967. There were 7 percent more cattle and calves on feed on January 1 than a year earlier. Most of the increase was recorded in the heavier weight groups. Also, there was a larger gain in the number of steers on feed (up 3 percent) than the number of heifers (up 5 percent).

MARKETINGS RISE

Cattle feeders in the fourth quarter of 1966 marketed 8 percent more fed cattle than a year earlier; fed cattle prices averaged 3 percent below third-quarter prices and 6 percent below year-earlier levels. Cattle feeders intend to market 8 percent more fed cattle in the first quarter this year than last. Since the number of cattle on feed weighing more than 900 pounds was 14 percent above a year earlier, fed beef production this winter will likely be up considerably.

PRICE STRENGTH DELAYED?

The expected high rate of fed beef production will probably forestall substantial strength in fed cattle prices, particularly over the next few months. Also, the continued high rate of pork and broiler output will keep beef and cattle prices under pressure. The number of cattle on feed weighing less than 900 pounds on January 1 was up slightly more than 4 percent from a year earlier. This indicates that the rate of increase in marketings may shrink if placements on feed are not increased sharply.

MOLASSES: Use of industrial molasses as a supplement to livestock feeds has increased so rapidly since 1945 that it now accounts for usage of three-fourths of industrial molasses production. The proportion of molasses used in mixed feeds varies between 3.5 and 12 percent of the weight of the mixture.

Even the stickiness of molasses is a plus factor as far as the feed manufacturer is concerned. It reduces dust problems in feed mixing plants. However, if too much molasses is used, the feed hardens and becomes unsalable.

Because it has an agreeable odor and taste, sugar-cane molasses is favored for feed purposes.

Beet molasses and hydrol—a corn byproduct—are frequently blended with cane molasses for a more economical mixture, but the cane content must be relatively high. Retailers have found that prospective buyers like to see, feel, and smell molasses in the feed they buy.

Pelletized and crumble feeds, widely used since 1960, require much less molasses than standard feeds. The percentage of industrial molasses mixed into these feeds is between 3 and 7 percent—about 5 to 9 percent below molasses content in standard feeds. Although molasses substitutes and concentrates are available, they are too costly for general use.

TRUCKERS: Watching the trucks go by? How do you spot the carrier operating with the exemption for agricultural products? It isn't easy.

There isn't much differ-

ence between the exempt and the non-exempt trucker. But here is how the exempt carrier would appear if it matched the statistical norm.

For one thing, the firm would be small, both in absolute terms and relative to the regulated motor carrier firms. The modal size of fleet for the exempt carrier was 2 to 3 truck-tractors, compared with 20 to 49 truck-tractors for the regulated carriers.

The modal year and the lifetime mileages of the truck-tractors would be of little help in identifica-

NOTES WORTH NOTING

tion. The difference in these characteristics between the exempt and the regulated carrier was slight to nonexistent.

Exempt motor carriers operate more vehicles on round trips with loads in only one direction—63 percent of such round trips, compared with 46 percent for the regulated carriers.

Something less than 5 percent of all for-hire trucks in the United States are operated under the exemption.

COFFEE: The "Hawaiian mystique" has impelled grandmothers to don muumuus and backyard chefs to stage luaus.

Is it potent enough to make consumers clamor for Hawaii's Kona coffee?

Some 1,000 volunteer taste-testers in New York City, Honolulu and Wash-

ington, D.C., aren't sure. Both "blind" and open-eyed, they compared instant and ground brews of the Hawaiian coffee and also matched them against three leading commercial blends.

In Washington, tasters weren't aware at any time which coffee was Kona. But in the other two cities, tasters reacted favorably when they were told that one of the samples was a product of Hawaii. In Honolulu, this could be construed as loyalty to a homegrown crop, but the same reaction in New York suggests that Kona promoters that the island mystique could be a sales factor.

TENANTS: The higher price of farmland is having repercussions on the leasing arrangements owners make with their tenants.

In the past, sharing half the crop was considered the limit. Those who broke this institutional barrier were censured by their neighbors. Of late, however, some share leases have been rising. Tenants who formerly paid one-third of their crops for rent have been raised to two-fifths. Some who used to pay two-fifths now give the landlord half of the crop. In many cases, landlords contribute some inputs, such as seed and harvesting costs.

But what happens when the landlord asks for more than half the crop? It depends on the agreement. It might, for instance, call for a 60-percent rent payment. The landlord, presumably, would be willing to pay for 60 percent of the fertilizer, seed, crop expenses, insecticides, and other inputs.

UP, UP, UP?

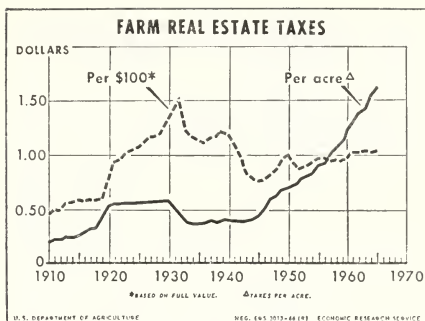
State and local farm real estate tax rates are not what they used to be many long years ago.

Surprisingly, the tax rate per \$100 of full value of farm real estate is lower, although total payments are higher because of the burgeoning value of farmland.

The U.S. tax rate per \$100 market value rose from \$1.12 in 1926 to \$1.52 in 1932 and then declined to \$1.12 in 1941. For that period the rates averaged around 15 cents above present levels. Today the rate is about \$1.02 and has been nearly static at that figure since 1961. Between 1950 and 1959, it averaged close to 93 cents, with only a slight upward trend. Then a sharp upswing between 1959 and 1961 pushed the rate to its current mark.

The uniformity of the average tax rate over the past few years indicates that taxes and market values of farm real estate have been rising at about the same pace. This enables tax levying bodies to better match available funds with the increasing costs of additional governmental services.

Tax revenues have topped each previous year's total for nearly a quarter



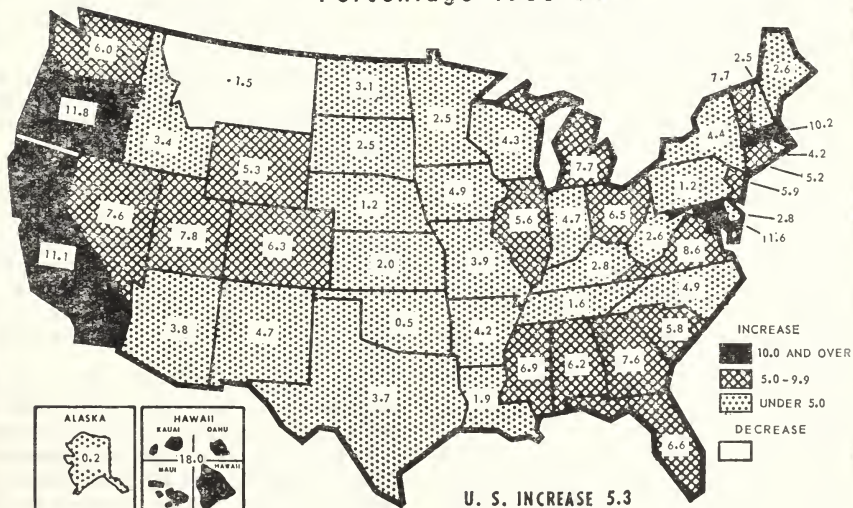
of a century. State and local taxes levied on U.S. farms were greater than ever in 1965—\$1.6 billion, up 6 percent from a year earlier.

An acre of farmland may not look too much different from one part of the country to another, except to a local governing body. In New Jersey, the average tax per acre for 1965 was \$12.61. On the other end of the scale was the 17-cent tax for New Mexico. The national average was \$1.61 compared with \$1.51 for 1964. These taxes were some 4 times greater than 25 years ago.

Taxes vary among States for several reasons: Differences in farmland value and improvements, and importance of the property tax in State and local revenue-producing systems.

CHANGES IN TAXES LEVIED ON FARM REAL ESTATE

Percentage 1963-64



GLAMOR CROP OF OUR BOOM ERA . . .

Although grown in the United States since the early 1800's, it emerged from obscurity only within the past 40 years.

But what an emergence. Now it's the second ranking U.S. cash crop.

The crop is obviously soybeans—cultivated in Asia since at least 2200 B.C. and now a significant crop in nearly all U.S. farming areas. Its production base has spread from the Corn Belt (accounting for 70 percent of 1947-49 output compared with about 55 percent now) to the Delta States, the Lake States, the Atlantic States, and the Plains States.

Acreage planted to soybeans has gone from less than 2 million in 1925 to 13 million as recently as 1947. And a special survey in December showed farmers intend to plant 40 million acres this spring.

World War II sparked the soybean upsurge on U.S. farms. In the 1930's, the United States was a net importer of oilseeds, fats, and oils. The war cut off many traditional suppliers at a time when demand was rising fast for oilseeds and their products in livestock feed, shortening, and margarine. These needs, along with increased Government price supports—and nearly a half-century background of soybean production research by USDA and others—boosted U.S. soybean acreage and output.

Several things have contributed to increased postwar volume. Market outlets for soybeans, oil, and meal have expanded rapidly at home and abroad. Also, prices to growers have been favorable. Soybeans have never been in surplus and prices most years have been well above the corresponding support levels.

Farmers in recent years have harvested more beans each season, but prices they have received have held strong because of increased demand, domestic and export.

Production last year was about 931 million bushels, 10 percent above a year earlier. And a further gain is likely when the harvest gets underway this year.

Demand has kept up with output, leaving hardly any carryover at the end of each marketing year.

Exports have gone up remarkably—from 130 million bushels in 1960 to an estimated 275 million this marketing year.

Prices received by farmers this marketing year will likely average about \$2.88 a bushel. This represents a fairly steady climb from the \$2.13 average per bushel back in 1960.

. . . SRS GETTING NEW DATA ON IT

Soybeans, one of agriculture's most exciting crops today, were more closely scrutinized than ever during the 1966 growing and harvesting seasons.

The Statistical Reporting Service broadened the scope of its survey work on soybeans to get additional information about the weight and moisture, oil and protein, leading varieties, and row-spacing techniques for this commodity.

The expanded analysis of oil and protein make-up in soybeans was prompted by the success of an Illinois State study on the subject in 1965.

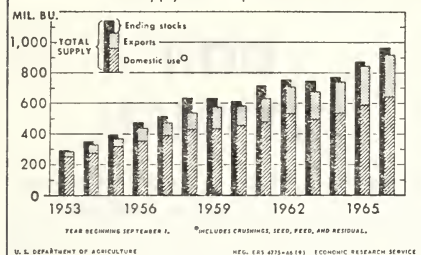
Information on percentages of oil and protein in soybeans produced in different areas of the country is important to processors, since some 98 percent of the crop is crushed for oil or livestock meal. Market demands for each of these products play a role in processors' decisions.

For several years, SRS has conducted objective yield surveys for indications of crop development and yield per acre. Random plots are selected from a scientifically drawn sample of soybean fields in specified States. On-the-scene plant and pod counts are made monthly from about August 1 until the crop is harvested. Pods are harvested from the sample plots and sent to a laboratory for analysis. In this way, estimates for the entire soybean crop can be made.

The 1966 survey used 1,242 samples from 15 States producing 94 percent of the Nation's soybeans. The laboratory for the Division of Grain Inspection, Illinois Department of Agriculture at Chicago, found the oil content in the samples averaged 20.4 percent and the protein content 42.2 percent on a dry

SOYBEANS

Supply and Disposition



weight basis. Hull and residual moisture constituted the remaining portions.

The survey indicates that proportions of oil and protein vary according to the section of the country.

South Carolina and Louisiana soybeans recorded the highest oil content, 21.5 percent. The Ohio crop was found to have the greatest protein content, 44.1 percent.

What the Oil and Protein Data Mean

Processors are interested in oil and meal content because of its influence on the value of products obtained from soybeans. Generally, soybeans having a high percentage of protein have a lower percentage of oil.

Analyses of the 1966 soybean data indicate that oil content has a general tendency to increase as production areas in the United States extend from north to south. Protein content tends to decrease from north to south. This is generally evident within the individual States and between States.

The yield of meal from processing a bushel of soybeans far exceeds the yield of oil. During 1961-65, meal yield averaged 4.4 times that of oil (47.5 pounds of meal and 10.8 pounds of oil). But during this period, a pound of oil usually sold for about 3 times the price of meal (10.0 cents for oil and 3.5 cents for meal).

These ratios have been such that the value of the meal (yield times price) during 1961-65 represented 61 percent of the total product value obtained from a bushel of soybeans.

During the 1950's, the oil and meal product values were more equally distributed.

The U.S. average yield of soybean oil,

Illinois, the leading soybean State, had the highest average oil content of the 9 important North Central States, with 21.1 percent; next was Indiana with 21.0 percent. Indiana, with a 43.7 percent protein content, was second to Ohio. The average for the 9 States was 20.4 percent oil and 42.4 percent protein.

The most widely used soybean variety in 1966 was Harosoy (including Harosoy 63) which was planted on nearly 20 percent of the acreage in 14 of the surveyed States, accounting for 90 percent of all U.S. soybean acreage. The Clark variety (including Clark 63) was second on 14.7 percent of the acreage, and Lee was third, produced on 14.0 percent of the soybean land in the 14 States.

Row spacing narrowed in 6 of the North Central States between 1965 and 1966.

Statistical Reporting Service

per bushel processed, trended upward from 9.5 pounds in 1947 to 11.0 pounds in 1953 and has since remained around this level. This resulted partly from improvements in processing techniques and partly from the development and cultivation of soybeans that contain greater quantities of oil.

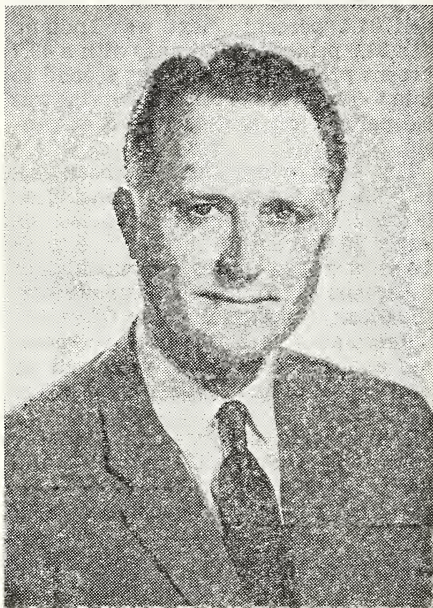
Most soybeans in the United States are traded on the basis of official grades. Grades are determined by test weight per bushel, and by percentages of moisture, splits, damaged kernels, and foreign materials. Oil and meal content of soybeans are not factors.

The U.S. average yield of soybean meal, per bushel of soybeans processed, moved up from about 47 pounds during 1956-60 to 47.5 pounds in 1961-65. For commercial varieties of soybeans, the protein content usually ranges between 40 and 45 percent on a moisture-free basis.

The yield of soybean meal depends primarily upon the oil content of soybeans. The higher the oil content, the less meal produced. The yield of meal, like that of oil, is affected also by the proportion of foreign material in a bushel, and the moisture content.

*George W. Kromer
Economic Research Service*

MEET THE STATE STATISTICIAN . . .



DON PITTMAN

bowed to the bristling pace of mechanization and added tractor equipment.

For about 2 of the 4 years between his high school and college days, Don took his place alongside his dad on the family farm.

After graduation from the University of Missouri, he entered managerial training with the Federal Land Bank's program in St. Louis. Then, overwhelmed by a desire for statistical work, he returned to the AAA (now ASCS), where he had worked during the last 3 years of his college career. His next station was at Purdue University as an agronomist with the Soil Conservation Service. It was during this period that his inventiveness paid off: He developed an automatic self-recording infiltrometer to measure the water intake of soils.

Two years later, Don began the part of his career devoted to crop and livestock statistics, when he was appointed to the Indiana office then under the Agricultural Marketing Service, but now under SRS. After that he was assistant to the statistician in charge in the Oklahoma office and then—sandwiched between two tours of duty at headquarters in Washington, D.C.—first assistant to the statistician in Missouri. He then served 4 years in the Colorado office.

Finally, on the tail of the blizzard of March 28, 1957, Don drifted down from Colorado and settled himself into the business of heading Oklahoma's reporting service.

During his first reporting assignment in Indiana, Don met and married Sylvia Mills. They have two daughters, Sylvia Ruth and Katherine, both now teaching.

If we were to program into data processing equipment the following: Sportsman, inventor, community worker and compulsive statistician, we would surely derive (you're right) Donald D. Pittman.

Donald D. Pittman is a "show me" from Missouri who says he has been shown.

This year he completes a decade as State statistician in charge of the Oklahoma crop and livestock reporting office, after serving in four different State offices. In addition, he has had two tours of duty in the national office.

Don finds Oklahoma a youthful and vigorous State. The State now ranks second only to its southerly neighbor, Texas, in beef cow numbers.

Oklahoma, cradled in the heart of southwestern hard red winter wheat-fields, also lays valid claim to an important share of the regional nickname "breadbasket of the world". The State generally yields top spot in this wheat production only to its northerly neighbors, Kansas and North Dakota.

A skip and jump away from Pittman's present post is the DeKalb County farm, in northwestern Missouri, where he was born some 54 years ago. He likes to reminisce about what he calls the horse and buggy era of his childhood.

He says it wasn't until he went away to college in the 1930's that his family

A fact-filled yearbook that pinpoints recent developments in American agriculture, "Agricultural Statistics, 1966," is now available.

The publication contains many items of interest to farmers and to others associated with agriculture. The 12 chapters and more than 600 pages provide detailed statements on agricultural production, prices, supplies, costs, income, and related subjects. The handbook also carries tables on land use, farm ownership, farm workers, and food consumption. There are statistics on weather, freight rates, refrigerated warehouse storage, fisheries, forestry, world crops, and foreign trade.

New tables in this issue include information about the cropland acreage diverted under specified Government programs, distribution of tobacco and peanut allotments by size of allotment, farm allotments established for basic commodities by States, hay stocks on farms and distribution of micronaire readings for American upland cotton by specified groups.

"Agricultural Statistics, 1966" is available for \$1.75 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

SRS BULLETINS

Statistical bulletins updating earlier SRS estimates for major field crops, seed crops, tree nuts, and hog inventories and pig crops are available.

These bulletins, published every 5 years, show the adjustments made in earlier estimates, using as reference the Federal Census of Agriculture by the Bureau of the Census and other data sources such as State agricultural censuses, marketing and utilization information, and SRS surveys.

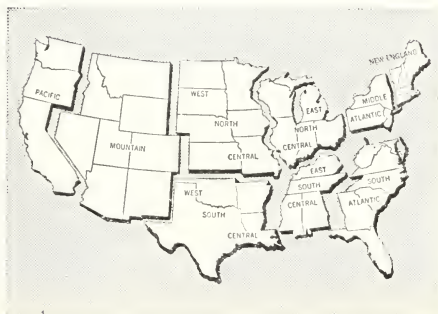
The bulletins on field crops and seed crops revise information on acreage, yield, and production for 1959 through 1964. The bulletin on hog inventories and pig crops adjusts data for 1960 through 1964.

Single copies of "Field Crops," SB 384; "Seed Crops," SB 385; "Hog Inventories and Pig Crops," SB 383; and "Tree Nuts," SB 381, are available from the Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250.

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